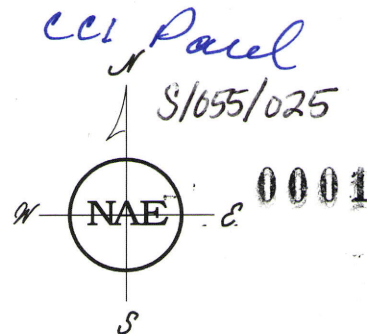


NORTH AMERICAN EXPLORATION, INC.

MINERAL EXPLORATION SERVICES



May 24, 2006

Mr. Paul Baker
Utah Division of Oil, Gas & Mining
Box 145801
Salt Lake City, UT 84114-5801

Dear Paul,

Here is our revised application for a small mine permit at the Imagine Mine located in Wayne County. This permit is in the name of James L. Terry.

We have tried to address the deficiencies as pointed out in your letter of May 5, 2006. We do not yet have a U. S. Forest Service file number. I spoke with Rob Hamilton (435/425-3702) at the Teasdale Ranger Station, and there may be a mix up of some kind. He has asked for separate information on the proposed mine and requested it be sent directly to him. Perhaps you have not sent him any information yet. Please let us know what we should do.

We look forward to working with you on this project.

Sincerely,

O. Jay Gatten

OJG/tmg

cc: Correspondence
Project File

RECEIVED

MAY 25 2006

DIV. OF OIL, GAS & MINING

Assigned DOGM File No.: S / /
DOGM Lead: _____
Permit Fee \$ _____ Ck # _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

REVISED
5/24/06

I. GENERAL INFORMATION (Rule R647-3-104)

1. Name of Mine: IMAGINE
2. Name of Entity Applying for Permit: James L. Terry
Contact (Authorized Officer): James L. Terry
Address: 4157 Imperial Way
City, State, Zip: Provo, Utah 84604
Phone: 801/367-4009 Fax: _____
E-mail Address: _____

Entity is a: Corporation () LLC () Sole Proprietorship (dba) ()
Partnership () General _____ or _____ limited
Individual ☒ Other () – specify type _____

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations www.commerce.utah.gov.

Are you currently registered to do business in the State of Utah? ☐ Yes ☒ No

Entity # None

Local Business License # None

Issued by: County _____ or City _____

Registered Utah Agent (as identified with the Utah Department of Commerce):

Name: None

Address: _____

City, State, Zip: _____

Phone: _____ Fax: _____

E-mail Address: _____

RECEIVED

MAY 25 2006

DIV. OF OIL, GAS & MINING

3. Entities Representative (if different from #2)

Name: O. Jay Gatten c/o North American Exploration, Inc.

Address: 447 N 300 W, Suite 3

City, State, Zip: Kaysville, Utah 84037

Phone: 801/544-3421 **Fax:** 801/544-4554

E-mail Address: oigatten@nae-xploration.com

4. If Partnership or Sole Proprietor:

Name of 1st partner / Sole Proprietor:

Name_

Address:

City, State, Zip:

Phone: _____ Fax: _____

E-mail Address:

If Partnership:

Name of 2nd Partner:

Address:

City, State, Zip:

Phone: _____ Fax: _____

E-mail Address:

If Corporation:

Name of Officers:

Title:

Title:

Title:

Title:

If Limited Liability Company: Member Managed ☐ Manager Managed ☐

Name of 1st Member/Manager:

Address:

City, State, Zip:

Phone: _____ Fax: _____

E-mail Address:

Name of 2nd Member/Manager:

Address:

City, State, Zip:

Phone: _____ **Fax:** _____

E-mail Address:

Name of 3rd Member/Manager:

Address:

City, State, Zip:

Phone: _____ Fax: _____

E-mail Address:

5. **Ownership of Land Surface:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒ ^{Dixie National}
State Trust Land/School Sections ☐ State Sovereign Lands ☐ ^{Forest}
Other (please describe): _____

Name National Forest ^(Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720
Name Dixie National Forest Address Teasdale Ranger District
Name _____ Address Box 99, Teasdale, Utah 84773
Name _____ Address 435/425-3702

6. **Ownership of Minerals:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒
State Trust Land/School Sections ☐ State Sovereign Lands ☐
Other (please describe): _____

Name National Forest ^(Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720
Name Dixie National Forest Address Teasdale Ranger District
Name _____ Address Box 99, Teasdale, UT 84773
Name _____ Address 435/425-3702
Name BLM (Utah State Office) Address P O Box 45155, Salt Lake City, UT 84155

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): _____
USFS Project # _____

BLM Claim Numbers UMC369971, UMC369972 (IMAGINE 19 & 20)

Utah State Lease Number(s): N/A

Name of Lessee(s) N/A

7. **Have the above surface and mineral owners been notified in writing?**

Yes X No _____

If no, why not? Written notification herein

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration **prior** to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. **Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice?** Yes X No _____

II. PROJECT LOCATION & MAP (Rule R647-3-105)

1. Project Location (legal description):

County(ies): Wayne County, Utah

SE 1/4, of NE 1/4, of SW 1/4: Section: 10 Township: 30S Range: 3E
NEL 1/4, of SE 1/4, of SW 1/4: Section: 10 Township: 30S Range: 3E
SW 1/4, of SE 1/4, of SW 1/4: Section: 10 Township: 30S Range: 3E
SE SE SW 10 30S 3E

UTM East 449974 (if known) UTM North 4229405 (If known) Zone 12

Name of Quad Map for Location: Government Point, Utah

2. An accurate topographic base map showing the location of the proposed small mining operation must be submitted with this notice. The areas to be disturbed including access roads, must be plotted in sufficient detail so that they can be located on the ground. It is recommended that the Permittee / Operator also photo document, plot and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.
3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. OPERATION PLAN (Rule R647-3-106)

1. Type of mining: Surface ☒ Underground ☐
2. Mineral(s) to be mined: Precious Metals
3. Amount of material to be extracted, moved or proposed to be moved: 1000 tons
4. Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?
Yes ☒ No ☐ If yes, please describe (add extra pages if needed)
Surface placer material will be washed, screened and a heavy concentrate obtained using a limited amount of water from Pine Creek.
5. Provide a brief description of the proposed mining operation and onsite processing facilities (add extra pages if necessary). Remove and stockpile topsoil. Surface material will be excavated to depths of 1 to 15 feet using hand tools and backhoe/track hoe. Placer material will be processed by hand and by a conventional, portable, gravity gold recovery system using water from Fish Creek. This system would consist of
(see attached sheet)
6. ☐ New Road(s): Length NONE (ft) Width (ft)
7. ☐ Improved Road(s): Length NONE (ft) Width (ft)

a grizzly, screens, a trommel and sluice box to recover a heavy mineral concentrate. Water and washed material would be circulated through a shallow pit or portable tanks. Should a pit be used, water would be allowed to seep down into the subsurface and would not be discharged directly into the creek. No washing operations would be conducted within 20 feet of the creek. Water would be allowed to discharge into the ground and evaporate. Washed sand and gravel and fines would be stored in an orderly manner until reclamation takes place. The surface would be restored to near its original contour and replanted. The heavy mineral concentrates would be transported off site for further processing and precious metal recovery.

In addition six to eight shallow holes would be drilled within the permitted area west of Fish Creek. Shallow mud pits would be dug to hold water/drilling mud and would be filled in and reclaimed after drilling is completed.

An existing road extends Northwest from the Pine Creek road and provides access to the south mine site. This road is not shown on the topographic map. The smaller site (0.37 acres) is adjacent to the Pine Creek road.

8. Total project surface acreage to be disturbed: 1.92 (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount – see #VI).

9. Proposed startup date of project (month, year) April 2006

10. Proposed completion date of project, if known (month, year) unknown

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at www.ogm.ut.gov.

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Yes ☐ No ☒

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. A variance shall be granted if the alternative method or measure proposed will be consistent with the Act.

1st Variance Requested

Item #

Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed)

Justification:

Alternate methods or measure to be utilized:

2nd Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

3rd Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

Attach additional page if more variances are requested.

VI. SURETY (Act 40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations.

The Utah Mined Land Reclamation Act (40-8-7 (1)[c] and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed according to accepted *notices* consistent with on-site conditions.

The surety amount is based on the nature, extent and duration of operations. *The surety amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.*

Surety for small mines sites will be escalated three (3) years to the future. Contact the Division for dollar amount required for this project.

I have provided or will provide surety in the form of:

☐ Certificate of Deposit ☐ Letter of Credit ☐ Surety Bond ☒ Cash (certified funds)

☐ Other _____ (please identify)

VII. PERMIT FEE [Mined Land Reclamation Act 40-8-7(1)(i)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.

NOTICE: The following person(s) are authorized and designated to receive Notices of Violations, Cessation Orders and all other Notices required by the Division to be given to the permittee or operator:

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

VIII. SIGNATURE REQUIREMENT

(Please check the box and place your initials on the line provided)

- ☒ I have enclosed the required permit fee.
- ☐ I have enclosed a complete Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.
- ☒ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- This certification must be executed by an executive officer if the applicant is a corporation; by a partner if applicant is a partnership (general or limited); owner if applicant is a sole proprietorship; member or manager if applicant is a limited liability company.

Signature: James L. Terry

Date: May 23, 2006

Name (typed or printed): James L. Terry

Title/Position (if applicable): N/A

**IMAGINE MINE
SITE**

1.55 Acres

0.37 Acres

JAMES L. TERRY
IMAGINE MINE
SURFACE MAP & OPERATION PLAN
Section 10 T30S R3E
Wayne County, Utah
Scale 1"=200'
C/o North American Exploration, Inc.
Kaysville, Utah
May, 2006

FIGURE 1A

Run Time: 03:00 PM

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
MINING CLAIM GEOGRAPHIC REPORT
LIST OF MINING CLAIMS BY SECTION

Run Date: 03/10/2006
Page 1 of 1

MER TWP RNG SEC
26 0300S 0030E 010

Serial Num	Quad	Claim Name/Number	Claimant(s)	Lead File	Case Type	Status	Loc.Dt	Last Assessment
UMC369967	NW SW	IMAGINE 15	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369968	SW	IMAGINE 16	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369969	NW SW	IMAGINE 17	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369970	SW	IMAGINE 18	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369971	NW SW	IMAGINE 19	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369972	SW	IMAGINE 20	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369973	SW	IMAGINE 22	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369974	SW	IMAGINE 21	TERRY JAMES	UMC369967	384101	ACTIVE	06/08/2003	2006

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

Assigned DOGM File No.: S / /
DOGM Lead: _____
Permit Fee \$ _____ Ck # _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

REVISED
5/24/06

I. GENERAL INFORMATION (Rule R647-3-104)

1. Name of Mine: IMAGINE
2. Name of Entity Applying for Permit: James L. Terry
Contact (Authorized Officer): James L. Terry
Address: 4157 Imperial Way
City, State, Zip: Provo, Utah 84604
Phone: 801/367-4009 Fax: _____
E-mail Address: _____

Entity is a: Corporation () LLC () Sole Proprietorship (dba) ()
Partnership () General _____ or _____ limited
Individual ☒ Other () - specify type _____

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations www.commerce.utah.gov.

Are you currently registered to do business in the State of Utah? ☐ Yes ☒ No
Entity # None

Local Business License # None
Issued by: County _____ or City _____

Registered Utah Agent (as identified with the Utah Department of Commerce):

Name: None
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

RECEIVED
MAY 25 2006
DIV. OF OIL, GAS & MINING

3. **Entities Representative (if different from #2)**
Name: O. Jay Gatten c/o North American Exploration, Inc.
Address: 447 N 300 W, Suite 3
City, State, Zip: Kaysville, Utah 84037
Phone: 801/544-3421 Fax: 801/544-4554
E-mail Address: ojgatten@nae-exploration.com

4. **If Partnership or Sole Proprietor:**
Name of 1st partner / Sole Proprietor:
Name _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Partnership:
Name of 2nd Partner: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Corporation:
Name of Officers: _____ Title: _____
_____ Title: _____
_____ Title: _____
_____ Title: _____

If Limited Liability Company: Member Managed ☐ Manager Managed ☐
Name of 1st Member/Manager: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name of 2nd Member/Manager: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name of 3rd Member/Manager: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

5. **Ownership of Land Surface:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒ ^{Dixie National}
State Trust Land/School Sections ☐ State Sovereign Lands ☐ Forest
Other (please describe): _____

Name National Forest (Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720
Name Dixie National Forest Address Teasdale Ranger District
Name _____ Address Box 99, Teasdale, Utah 84773
Name _____ Address 435/425-3702

6. **Ownership of Minerals:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒
State Trust Land/School Sections ☐ State Sovereign Lands ☐
Other (please describe): _____

Name National Forest (Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720
Name Dixie National Forest Address Teasdale Ranger District
Name _____ Address Box 99, Teasdale, UT 84773
Name _____ Address 435/425-3702
Name BLM (Utah State Off) Address P O Box 45155, Salt Lake City, UT 84155

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): _____
USFS Project # _____

BLM Claim Numbers UMC369971, UMC369972 (IMAGINE 19 & 20)

Utah State Lease Number(s): N/A

Name of Lessee(s): N/A

7. **Have the above surface and mineral owners been notified in writing?**
Yes ☒ No ☐

If no, why not? Written notification herein

Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration prior to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.

8. **Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice?** Yes ☒ No ☐

II. PROJECT LOCATION & MAP (Rule R647-3-105)

1. Project Location (legal description):

County(ies): Wayne County, Utah

SE 1/4, of NE 1/4, of SW 1/4: Section: 10 Township: 30S Range: 3E
NE 1/4, of SE 1/4, of SW 1/4: Section: 10 Township: 30S Range: 3E
SW 1/4, of SE 1/4, of SW 1/4: Section: 10 Township: 30S Range: 3E
SE SE SW 10 30S 3E
UTM East 449974 (if known) UTM North 4229405 (If known) Zone 12

Name of Quad Map for Location: Government Point, Utah

2. An accurate topographic base map showing the location of the proposed small mining operation must be submitted with this notice. The areas to be disturbed including access roads, must be plotted in sufficient detail so that they can be located on the ground. It is recommended that the Permittee / Operator also photo document, plot and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.
3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. OPERATION PLAN (Rule R647-3-106)

1. Type of mining: Surface ☒ Underground ☐
2. Mineral(s) to be mined: Precious Metals
3. Amount of material to be extracted, moved or proposed to be moved: 1000 tons
4. Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?
Yes ☒ No ☐ If yes, please describe (add extra pages if needed)
Surface placer material will be washed, screened and a heavy concentrate obtained using a limited amount of water from Pine Creek.
5. Provide a brief description of the proposed mining operation and onsite processing facilities (add extra pages if necessary). Remove and stockpile topsoil. Surface material will be excavated to depths of 1 to 15 feet using hand tools and backhoe/track hoe. Placer material will be processed by hand and by a conventional, portable, gravity gold recovery system using water from Fish Creek. This system would consist of
(see attached sheet)
6. ☐ New Road(s): Length NONE (ft) Width _____ (ft)
7. ☐ Improved Road(s): Length NONE (ft) Width _____ (ft)

a grizzly, screens, a trommel and sluice box to recover a heavy mineral concentrate. Water and washed material would be circulated through a shallow pit or portable tanks. Should a pit be used, water would be allowed to seep down into the subsurface and would not be discharged directly into the creek. No washing operations would be conducted within 20 feet of the creek. Water would be allowed to discharge into the ground and evaporate. Washed sand and gravel and fines would be stored in an orderly manner until reclamation takes place. The surface would be restored to near its original contour and replanted. The heavy mineral concentrates would be transported off site for further processing and precious metal recovery.

In addition six to eight shallow holes would be drilled within the permitted area west of Fish Creek. Shallow mud pits would be dug to hold water/drilling mud and would be filled in and reclaimed after drilling is completed.

An existing road extends Northwest from the Pine Creek road and provides access to the south mine site. This road is not shown on the topographic map. The smaller site (0.37 acres) is adjacent to the Pine Creek road.

8. Total project surface acreage to be disturbed: 1.92 (acres) PLEASE SPECIFY **EXACT ACREAGE** - (this will be used to determine surety bond amount – see #VI).
9. Proposed startup date of project (month, year) April 2006
10. Proposed completion date of project, if known (month, year) unknown

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at www.ogm.ut.gov.

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Yes ☐ No ☒

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. A variance shall be granted if the alternative method or measure proposed will be consistent with the Act.

1st Variance Requested

Item #

Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed))

Justification: _____

Alternate methods or measure to be utilized: _____

2nd Variance Requested

Item #

Applicable Rule #

Justification: _____

Alternate methods or measure to be utilized: _____

3rd Variance Requested

Item #

Applicable Rule #

Justification: _____

Alternate methods or measure to be utilized: _____

Attach additional page if more variances are requested.

VI. SURETY (Act 40-8-7(1)(c))

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations.

The Utah Mined Land Reclamation Act (40-8-7 (1)(c) and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed according to accepted *notices* consistent with on-site conditions.

The surety amount is based on the nature, extent and duration of operations. *The surety amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.*

Surety for small mines sites will be escalated three (3) years to the future. Contact the Division for dollar amount required for this project.

I have provided or will provide surety in the form of:

☐ Certificate of Deposit

☐ Letter of Credit

☐ Surety Bond

☒ Cash (certified funds)

☐ Other _____ (please identify)

VII. PERMIT FEE [Mined Land Reclamation Act 40-8-7(1)(i)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.

NOTICE: The following person(s) are authorized and designated to receive Notices of Violations, Cessation Orders and all other Notices required by the Division to be given to the permittee or operator:

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

VIII. SIGNATURE REQUIREMENT

(Please check the box and place your initials on the line provided)

- ☒ I have enclosed the required permit fee.
- ☐ I have enclosed a complete Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.
- ☒ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

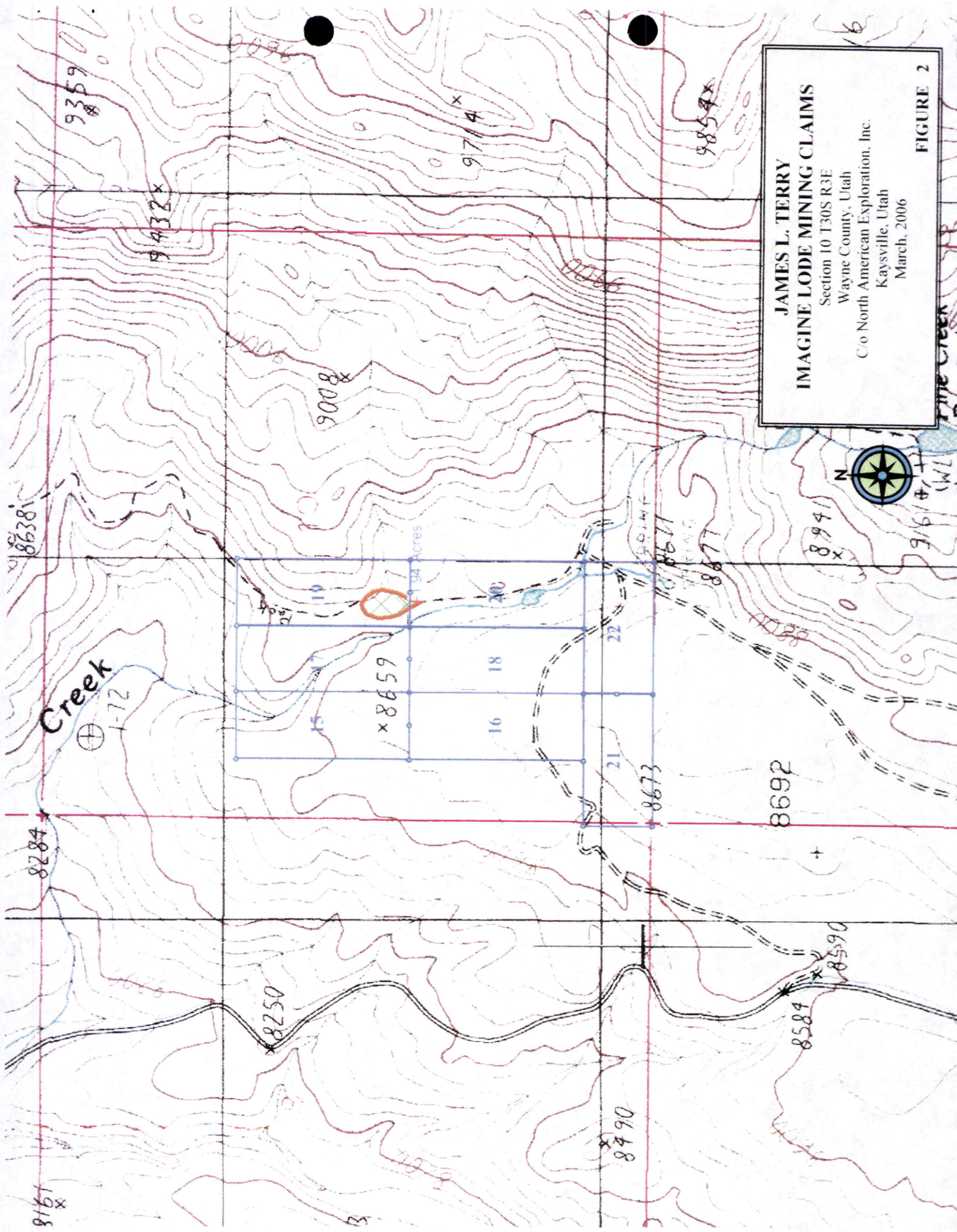
- I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- This certification must be executed by an executive officer if the applicant is a corporation; by a partner if applicant is a partnership (general or limited); owner if applicant is a sole proprietorship; member or manager if applicant is a limited liability company.

Signature: James L. Terry

Date: May 23, 2006

Name (typed or printed): James L. Terry

Title/Position (if applicable): N/A



JAMES L. TERRY
IMAGINE LODGE MINING CLAIMS
Section 10 T30S R3E
Wayne County, Utah
C/o North American Exploration, Inc.
Kaysville, Utah
March, 2006

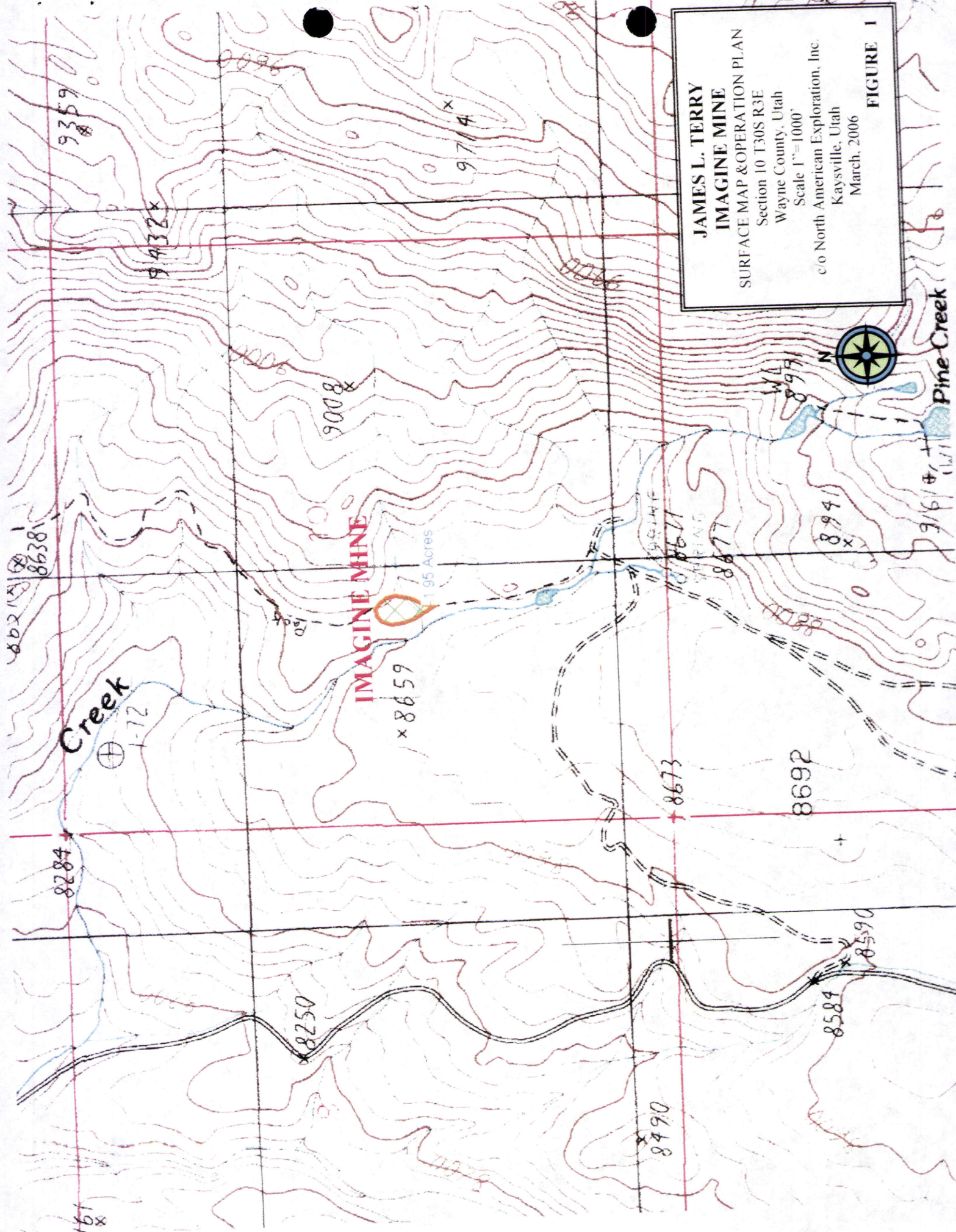
**IMAGINE MINE
SITE**

1.55 Acres

0.37 Acres

JAMES L. TERRY
IMAGINE MINE
SURFACE MAP & OPERATION PLAN
Section 10 T30S R3E
Wayne County, Utah
Scale 1"=200'
C/o North American Exploration, Inc.
Kaysville, Utah
May, 2006

FIGURE 1A



JAMES L. TERRY
IMAGINE MINE
SURFACE MAP & OPERATION PLAN
Section 10 T30S R3E
Wayne County, Utah
Scale 1"=1000'
c/o North American Exploration, Inc.
Kaysville, Utah
March, 2006

FIGURE 1

MER TWP RNG SEC
26 0300S 0030E 010

Serial Num	Quad
UMC369967	NW SW
UMC369968	SW
UMC369969	NW SW
UMC369970	SW
UMC369971	NW SW
UMC369972	SW
UMC369973	SW
UMC369974	SW

Claim Name/Number
IMAGINE 15
IMAGINE 16
IMAGINE 17
IMAGINE 18
IMAGINE 19
IMAGINE 20
IMAGINE 22
IMAGINE 21

Claimant(s)
TERRY JAMES
TERRY JAMES
TERRY JAMES
TERRY JAMES
TERRY JAMES
TERRY JAMES
TERRY JAMES
TERRY JAMES

Lead File	Case Type	Status	Loc Dt	Last Assessment
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006
UMC369967	384101	ACTIVE	06/08/2003	2006

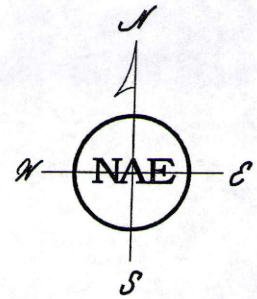
Run Date: 03/10/2006
Page 1 of 1

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
MINING CLAIM GEOGRAPHIC REPORT
LIST OF MINING CLAIMS BY SECTION

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

NORTH AMERICAN EXPLORATION, INC.

MINERAL EXPLORATION SERVICES



April 4, 2006

District Ranger
Teasdale Ranger District
Dixie National Forest
P.O. Box 99
Teasdale, Utah 84773

Dear Sir/Madam:

Here are two Notice of Intention to Commence Small Mining Operations in your District. The Notices are:

1. Scottish Rite Mine - Anasazi Gold Reserves
2. Imagine Mine - James L. Terry (Individual)

A copy of both Notices have also been sent to Paul Baker with the Utah Division of Oil, Gas and Mining. We are filing these notices and acting as representative for the above parties. We look forward to working with you on these two projects.

Sincerely,

O. Jay Gatten

OJG/la

Enclosures

cc: Correspondence (no encl.)
Project (w/encls.)
James L. Terry (w/encls.)
Anasazi Gold (w/encls.)

RECEIVED

APR 06 2006

DIV. OF OIL, GAS & MINING

Assigned DOGM File No.: S 10551025
DOGM Lead: Paul Baker
Permit Fee \$ 150.00 Ck # 28848

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

I. GENERAL INFORMATION (Rule R647-3-104)

1. **Name of Mine:** IMAGINE
2. **Name of Entity Applying for Permit:** James L. Terry
Contact (Authorized Officer): James L. Terry
Address: 4157 Imperial Way
City, State, Zip: Provo, Utah 84604
Phone: 801/367-4009 **Fax:** _____
E-mail Address: _____

Entity is a: Corporation () LLC () Sole Proprietorship (dba) ()
Partnership () General _____ or _____ limited
Individual ☒ Other () - specify type _____

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations www.commerce.utah.gov.

Are you currently registered to do business in the State of Utah? ☐ Yes ☒ No
Entity # None

Local Business License # None
Issued by: County _____ or City _____

Registered Utah Agent (as identified with the Utah Department of Commerce):

Name: None
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

RECEIVED

APR 06 2006

DIV. OF OIL, GAS & MINING

5. **Ownership of Land Surface:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒ ^{Dixie National}
State Trust Land/School Sections ☐ State Sovereign Lands ☐ ^{Forest}
Other (please describe): _____

Name National Forest ^(Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720
Name Dixie National Forest Address Teasdale Ranger District
Name _____ Address Box 99, Teasdale, Utah 84773
Name _____ Address 435/425-3702

6. **Ownership of Minerals:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒
State Trust Land/School Sections ☐ State Sovereign Lands ☐
Other (please describe): _____

Name National Forest ^(Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720
Name Dixie National Forest Address Teasdale Ranger District
Name _____ Address Box 99, Teasdale, UT 84773
Name _____ Address 435/425-3702

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): _____

BLM Claim Numbers UMC369971, UMC369972 (IMAGINE 19 & 20)

Utah State Lease Number(s): N/A

Name of Lessee(s) N/A

7. **Have the above surface and mineral owners been notified in writing?**

Yes X No _____

If no, why not? Written notification herein

Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration prior to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.

8. **Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice?** Yes X No _____

II. PROJECT LOCATION & MAP (Rule R647-3-105)

1. Project Location (legal description):

County(ies): Wayne County, Utah

<u>SE</u> 1/4, of <u>NE</u> 1/4, of <u>SW</u> 1/4:	Section: <u>10</u>	Township: <u>30S</u>	Range: <u>3E</u>
<u>NE</u> 1/4, of <u>SE</u> 1/4, of <u>SW</u> 1/4:	Section: <u>10</u>	Township: <u>30S</u>	Range: <u>3E</u>
<u>SW</u> 1/4, of <u>SE</u> 1/4, of <u>SW</u> 1/4:	Section: <u>10</u>	Township: <u>30S</u>	Range: <u>3E</u>

UTM East 449974 (if known) UTM North 4229405 (If known)
(Zone 12)

Name of Quad Map for Location: Government Point, Utah

2. An accurate topographic base map showing the location of the proposed small mining operation must be submitted with this notice. The areas to be disturbed including access roads, must be plotted in sufficient detail so that they can be located on the ground. It is recommended that the Permittee / Operator also photo document, plot and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.
3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) **should** be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. OPERATION PLAN (Rule R647-3-106)

1. Type of mining: Surface ☒ Underground ☐
2. Mineral(s) to be mined: Precious Metals
3. Amount of material to be extracted, moved or proposed to be moved: 1000 tons
4. Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?
Yes ☒ No ☐ If yes, please describe (add extra pages if needed)
Surface placer material will be washed, screened and a heavy concentrate obtained using a limited amount of water from Pine Creek.
5. Provide a brief description of the proposed mining operation and onsite processing facilities (add extra pages if necessary). Remove and stockpile topsoil. Surface material will be excavated to depths of 1 to 20 feet using hand tools and backhoe/track hoe. Placer material will be processed by hand and by a conventional, portable, gravity gold recovery system using water from Fish Creek. This system would consist of
(See attached sheet)
6. ☐ New Road(s): Length None (ft) Width (ft)
7. ☐ Improved Road(s): Length None (ft) Width (ft)

a grizzly, screens, a trommel and sluice box to recover a heavy mineral concentrate. Water and washed material would be circulated through a shallow pit or portable tanks and would not be discharged directly into the creek. No washing operations would be conducted within 20 feet of the creek. Water would be allowed to discharge into the ground and evaporate. Washed sand and gravel and fines would be stored in an orderly manner until reclamation takes place. The surface would be restored to near its original contour and replanted. The heavy mineral concentrates would be transported off site for further processing and precious metal recovery.

In addition six to eight shallow holes would be drilled within the permitted area west of Fish Creek. Shallow mud pits would be dug to hold water/drilling mud and would be filled in and reclaimed after drilling is completed.

8. Total project surface acreage to be disturbed: 2.0 (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount – see #VI).
9. Proposed startup date of project (month, year) April 2006
10. Proposed completion date of project, if known (month, year) unknown

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at www.ogm.ut.gov.

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Yes ☐ No ☒

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. A variance shall be granted if the alternative method or measure proposed will be consistent with the Act.

1st Variance Requested

Item #

Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed)

Justification:

Alternate methods or measure to be utilized:

2nd Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

3rd Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

Attach additional page if more variances are requested.

VI. **SURETY** (Act 40-8-7(1)(c))

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations.

The Utah Mined Land Reclamation Act (40-8-7 (1)(c) and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed according to accepted *notices* consistent with on-site conditions.

The surety amount is based on the nature, extent and duration of operations. *The surety amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.*

Surety for small mines sites will be escalated three (3) years to the future. Contact the Division for dollar amount required for this project.

I have provided or will provide surety in the form of:

☐ Certificate of Deposit ☐ Letter of Credit ☐ Surety Bond ☒ Cash (certified funds)

☐ Other _____ (please identify)

VII. **PERMIT FEE** [Mined Land Reclamation Act 40-8-7(1)(i)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.

NOTICE: The following person(s) are authorized and designated to receive Notices of Violations, Cessation Orders and all other Notices required by the Division to be given to the permittee or operator:

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

VIII. SIGNATURE REQUIREMENT

(Please check the box and place your initials on the line provided)

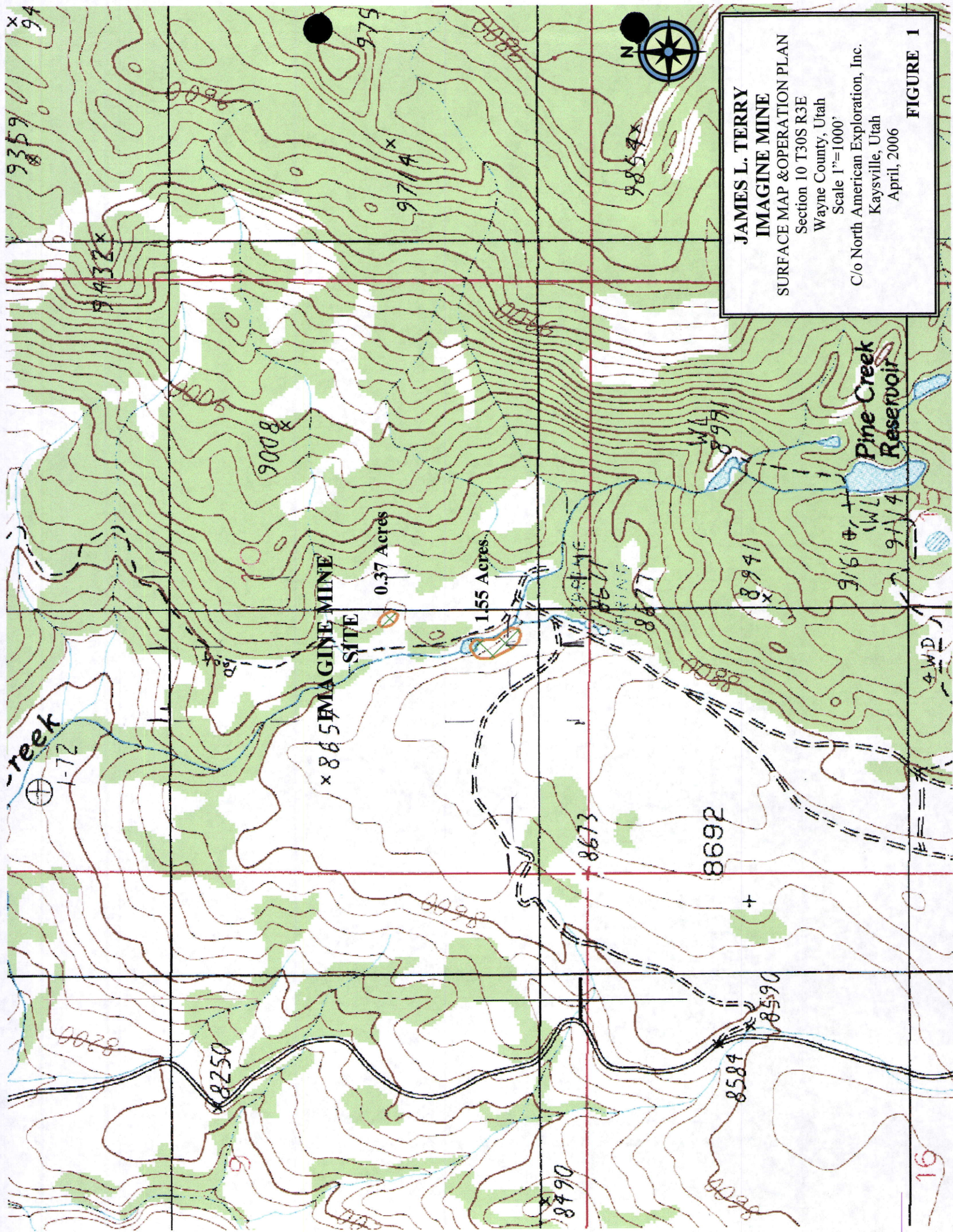
- ☒ I have enclosed the required permit fee.
- ☐ I have enclosed a complete Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.
- ☒ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

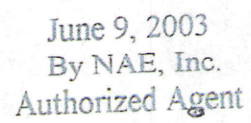
- a. I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- b. I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- c. This certification must be executed by an executive officer if the applicant is a corporation; by a partner if applicant is a partnership (general or limited); owner if applicant is a sole proprietorship; member or manager if applicant is a limited liability company.

Signature: James L. Terry Date: 4/4/06
Name (typed or printed): James L. Terry
Title/Position (if applicable): N/A



JAMES L. TERRY
IMAGINE MINE
SURFACE MAP & OPERATION PLAN
Section 10 T30S R3E
Wayne County, Utah
Scale 1"=1000'
C/o North American Exploration, Inc.
Kaysville, Utah
April, 2006

FIGURE 1



**NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM**